

VZCZCXRO2245
PP RUEHDBU
DE RUEHMO #6229/01 1591335
ZNY CCCCC ZZH
P 081335Z JUN 06
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 7432
INFO RUCNCCS/CIS COLLECTIVE
RUEHJD/MOSCOW POLITICAL COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 006229

SIPDIS

SIPDIS

E.O. 12958: DECL: 06/08/2016

TAGS: PGOV PHUM PINR RS

SUBJECT: GORBACHEV AND A POLITICAL ALLY BUY INTO
INDEPENDENT NEWSPAPER "NOVAYA GAZETA"

Classified By: Ambassador William J. Burns. Reasons: 1.4 (B/D).

¶1. (C) SUMMARY: Former Russian President Mikhail Gorbachev announced at a June 7 meeting with foreign journalists that he and a political ally, Duma Deputy Aleksandr Lebedev, had purchased a 49 percent stake in the fiercely independent newspaper "Novaya Gazeta." They made the purchase from the newspaper's staff, which retains majority control. Lebedev told the Ambassador that same day that he and Gorbachev would not interfere in the editorial content of the newspaper, which he hoped would retain its independence. Speculating that Lebedev might use the newspaper to attack his chief political rival, Moscow Mayor Yuriy Luzhkov, some observers were quick to bemoan the sale. The deal appears to give a much needed financial boost to what has been a fiercely independent newspaper, and there is some reason to hope that its new ownership structure will not threaten that independence. END SUMMARY.

NEW PART-OWNERS FOR NOVAYA GAZETA

¶2. (U) At the end of a June 7 speech at the World Association of Newspapers conference, Gorbachev announced that he and Lebedev had acquired a 49 percent stake in Novaya Gazeta. Lebedev bought 39 percent of the newspaper's shares, with Gorbachev buying 10 percent. Details about the purchase price have not been revealed. According to some press reports, the deal had been in the works for at least a few months, with Gorbachev and Lebedev having reportedly acquired the shares as private individuals rather than as representatives of commercial entities. Gorbachev, who had invested part of his 1990 Nobel Prize money to help found the newspaper in 1996, stressed in his conference remarks that Russia needs an objective and independent press.

¶3. (C) Novaya Gazeta is among the last bastions of media independence on the national scene. It is fiercely independent, known for hard-hitting investigative journalism exposing high-level corruption and for Anna Politkovskaya's reports about government human rights abuses in the North Caucasus. Deputy editor Andrey Lipskiy has long been telling us that the editorial team sees its goal as being to provide reporting critical of the Kremlin, and that that role is becoming increasingly important in the current political climate.

WILL ITS INDEPENDENCE BE RETAINED?

¶4. (C) Both Gorbachev and Lebedev, who is a billionaire businessman and member of the pro-Kremlin United Russia party, said publicly following the announcement that they would not interfere in the newspaper's content. In a meeting with the Ambassador shortly after Gorbachev made the announcement, Lebedev said the purchase had been made in the

genuine expectation that Novaya Gazeta would retain its independence, and that neither he nor Gorbachev had any intention of interfering in what was published. He expressed uncertainty whether the Kremlin would seek to pressure Novaya Gazeta, and said that his United Russia partymates were probably not happy with his commitment to the newspaper's independence. A long-time political rival of Moscow Mayor Yuriy Luzhkov, against whom he has run for mayor, Lebedev would not rule out attacks on the newspaper by Luzhkov and his wife, prominent businesswoman Yelena Baturina.

¶ 15. (C) Novaya Gazeta editor-in-chief Dmitriy Muratov told us June 8 that he had received Gorbachev's personal assurances that the newspaper would not be used to "protect corporate interests." While the newspaper's content would not fundamentally change, Muratov added, he hoped that the new ownership structure might lead some of the newspaper's star journalists, including Politkovskaya, to temper their rhetoric somewhat. Roman Shleynov, head of the newspaper's Investigations Department, made the same point, also telling us June 8 that he expected no changes in the editorial line, particularly because Gorbachev had been a co-founder of the newspaper. Shleynov also felt that the staff's majority ownership ensured independence.

¶ 16. (U) Several commentators were less hopeful. Journalist Vladimir Kara-Murza, who contributes articles to Novaya Gazeta, told the press that Lebedev was a loyal member of United Russia and might seek to bring the newspaper to bring its reporting more close in line with the party's. Political analyst Dmitriy Orlov, noting that much of Novaya Gazeta's readership is in Moscow, told the press that Lebedev was likely to use the paper against Luzhkov.

• RESCUED FROM DIRE FINANCIAL STRAITS?

MOSCOW 00006229 002 OF 002

¶ 17. (C) Novaya Gazeta has been in deep financial difficulty. Lipskiy has long been telling us that it was operating on a shoe-string, with uncertain prospects for long-term survival. Despite a sizable circulation (of 523,000, according to press reports), the newspaper could not draw advertisers, Lipskiy said, blaming that on Kremlin instructions to companies not to place ads there. Independent radio station chief editor Aleksey Venediktov told us a few months ago that Novaya Gazeta's financial survival was a mystery; he speculated that it must be receiving funding from Gorbachev and/or Yabloko head Grigoriy Yavlinskiy. Late in 2005, Lipskiy told us the newspaper could barely pay salaries to its staff. The newspaper's Kazan bureau chief, Boris Bronshteyn, told us at around the same time that the newspaper was paying him a minimal salary and no extra stipends when it published his articles.

¶ 18. (C) From a financial standpoint, then, the deal with Gorbachev and Lebedev is vital. Lipskiy told us June 8 that he had long hoped for such a deal; it would get the newspaper out of its current difficulties. Muratov said publicly that it would allow Novaya Gazeta to improve its format, increase its size and incorporate color. He also said it might come out three times a week, rather than its current twice-weekly publication. Lebedev told the Ambassador he was unsure how often the newspaper would be published, which would be determined once financial issues have been sorted out.

•
COMMENT

¶ 19. (C) The sale of the minority stake in Novaya Gazeta comes amidst reports that Kommersant is being sold, possibly to interests close to the Kremlin. Should Kommersant fall under direct or indirect Kremlin control, Novaya Gazeta would be among the few remaining bastions of real independence in the national print media. Noting that Gorbachev regularly takes

a positive stance toward Putin and that Lebedev is a loyal United Russia deputy with a political ax to grind against the Moscow mayor, some observers worry that Novaya Gazeta's independence could be significantly compromised by the latest deal. Whatever else happens, that deal appears to save the newspaper from a precarious financial situation that might have led to its closure. The fact that Gorbachev seems hardly to be an instrument of the Kremlin and that the paper's staff retains a majority share gives some cause for hope that Novaya Gazeta's independence will be preserved.

BURNS